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WELLINGTON, N.Z.

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NOTE: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

The following symbols have been used throughout the "Bulletin":

.. = not available.

— = nil or less than half the unit employed.

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## Foreign Exchange for Imports

IN RECENT MONTHS the overseas balance of payments position of New Zealand changed rapidly from a large surplus to an increasing deficit. For the twelve months ended June, 1951 there was a surplus of £39.1 million; for the calendar year, 1951 the surplus was only £16.1 million; for the twelve months ended March, 1952 there was a deficit of £16.4 million. It was becoming increasingly apparent that, despite a probable reduction in payments for imports below the abnormal level of the months since last August, a substantial deficit would occur during 1952 which would reduce net overseas assets well below the figure which could be regarded as adequate in present circumstances. Therefore, on 31st March the Reserve Bank issued the following statement:—

"The Reserve Bank has been considering further ways and means of ensuring that the demands on our overseas funds to pay for imports do not become too heavy as the year progresses.

"Three of the causes which make additional safeguards necessary are:—

"1. The recent fall in prices of wool, hides and skins, seeds, and other farm products, and a consequent reduction in estimated export receipts;

"2. The recent heavy restrictions imposed by several Commonwealth countries on imports from other countries in the sterling area.

"This means a much greater availability of goods, which are liable to be diverted to New Zealand to a much greater extent than we can afford to absorb.

"3. The abnormally high level of private imports into New Zealand, which during the past few months have been arriving at the rate of more than £280 million a year.

"This excessive rate of importing is regarded as being temporary and not chronic, but specific measures are needed to prevent our overseas reserves being depleted to a level below what can be regarded as reasonably safe.

"After consultation between the Government, the Reserve Bank, the Board of Trade, the Customs Department, the Department of Industries and Commerce, and the trading banks, it has therefore been decided to take the following action forthwith:—

"1. Except with the approval of the Reserve Bank, the trading banks have been advised not to sell to any importer, during the whole of 1952, more than 80 per cent of the amount of exchange sold to that importer during 1950. The 80 per cent includes payment for both licensed and unlicensed imports from all countries. It also includes payment for goods brought or sent into New Zealand on consignment.

"2. Reference must be made to the Reserve Bank through the trading banks in cases where imports require more than 80 per cent.

"Decisions will be made, in consultation with the Board of Trade, the Department of Industries and Commerce, and the Customs Department, according to a scale of priorities which will take the following factors into account:—

"(a) Essentiality of the goods in question.

"(b) Whether or not the goods are already in over-supply in New Zealand.

"(c) Firm commitments entered into before 1st April, 1952.

"(d) Import licenses held by the importer.

"(e) Any other special circumstances, which will be dealt with on their merits.

"3. To ensure speedy and orderly handling of applications, the banks are being supplied within a few days with application forms.

"Importers who require an allocation should lodge their applications as soon as possible. In the interim, to prevent any avoidable interruption to the handling of current transactions, the banks are being authorised to meet the immediate overseas commitments of importers provided they are satisfied that each transaction is in the normal course of business and has not been speeded up in any way.

"4. To enable the banks to obtain the necessary information more quickly than is possible from their own records, the application forms will be accompanied by a circular requesting importers to supply the following information:—

"(a) Total value in New Zealand currency of all orders placed before 1st April, 1952, and accepted overseas and not yet delivered. This covers remittances to pay for imports during each of the remaining three quarters of 1952 and the first two quarters of 1953.

"Where definite information is not available as to when shipments will be made, the closest possible estimate should be given.

"(b) Total amount remitted to pay for imports in 1950 and 1951 respectively.

"5. In a number of cases reference to the Reserve Bank may be necessary, even though the total allocation which the importer wants for 1952 may be less than 80 per cent of his 1950 remittances; for example, reference would need to be made, in terms of the Reserve Bank's announcement of the 17th December, 1951, if an increase in the importer's overdraft limit would be involved.

"It should be clearly understood that the basic allocation of 80 per cent does not confer on any importer the right to obtain bank accommodation to pay for the exchange; this means that if, for any reason, an importer's bank is not willing to grant him increased accommodation, there is nothing in the present arrangement that requires the bank in question to grant the accommodation.

"6. Importers should not place fresh orders overseas without first consulting their bank managers.

"7. Any importer who does not use his full allocation this year will not thereby be penalised on any future occasion.

"The effect of these measures on imports for 1952 can be assessed from the fact that payments for non-government imports in 1950 were £140 million, and

in 1951 were £201 million. On present indications an amount of up to between £170 million and £180 million can be made available for the whole of 1952 to pay for non-government imports.

"To enable this to be done the Reserve Bank is prepared to supplement overseas receipts by a reasonable amount from its reserves of foreign exchange.

"In doing so, the Bank must keep in mind its statutory duty to—

"maintain reserves which, in the opinion of the Board of Directors, will provide a reasonable margin for contingencies, after taking into account prospective receipts and disbursements

of overseas funds, and having regard to the economic position within New Zealand."

"The Reserve Bank regards the introduction of exchange allocations as a temporary measure to meet a particular situation, to be abolished as soon as they have served their purpose.

It is important that the above measures should be seen in their proper perspective.

"They are designed not only to ensure that our financial structure will pass through 1952 with its basic soundness unimpaired, but also to ensure, so far as humanly possible that importers and consumers alike will not be called upon to suffer any undue stringency in overseas exchange during 1953."

## Capital Issues Control

ON 3RD APRIL the Associate Minister of Finance made the following statement setting out Government policy in respect of new capital issues:—

"The Government has decided to set up a Capital Issues Committee, whose purpose will be to advise on approval of applications for new capital issues. This decision is related to the present very heavy demand for capital moneys and the tendency for interest yields to increase.

"In order to reduce the pressure on interest rates and the capital market the Government has decided to apply more fully the existing powers of control over capital issues contained in Regulations 9, 11 and 12 of the Finance Emergency Regulations (No. 2) 1940. To ensure that the best economic interests of the Dominion shall be served, the Committee will assess the relative priority of the purposes for which the money is intended to be raised, and in general will seek to regulate issues on the market with the object of keeping demands within the funds available for investment from time to time. All applications for consent under the Regulations mentioned should in future be addressed to the Secretary to the Treasury. Capital issues for £10,000 or less in any twelve-month period will continue to be exempt from control.

"The above-mentioned Regulations apply to borrowers proposing to make an issue of capital, including shares, debentures and mortgages. Such issues may not be made without the consent of the Minister of Finance. In each case decision will be made as to the amount to be authorised, the maximum rate of interest, the maximum dividend on preference shares, and perhaps also the timing of the issue. The amount of premium on issues of shares may also be specified. It is not intended to increase the present maximum interest rates of 4½ per cent on large industrial mortgages and 5 per cent on preference shares.

"Each application will be considered on its merits, but consent to the issue will probably be given in the following cases:—

"(a) Where no recourse to new finance is involved. This will include new companies taking over private business with all the shares going to existing proprietors; bonus issues, reorganisa-

tions or amalgamations of existing companies (except where new finance is involved) and mortgages raised to repay existing mortgages.

"(b) Where a substantial increase of exports or saving of imports will result, either directly or indirectly.

"(c) Where substantial shortages of essential goods will be met.

"The need for firmer control of capital issues arises from the very great increase in the number and value of applications. In 1951, approvals amounted to £28,100,000 compared with £12,100,000 and £10,300,000 in 1950 and 1949 respectively, and this abnormal increase in the competition for inadequate investment moneys has tended to force up the general level of interest yields.

"This measure is designed to bring about more orderly conditions in the capital market and to help reduce the excess demand for labour and materials which is the essence of inflation. In this latter respect it is complementary to the policy of restricting bank advances."

**Note:** As mentioned in the Minister's statement, authority for the control of issues of new capital is contained in the Finance Emergency Regulations (No. 2) 1940. During the war fairly intensive control was exercised, the aim being mainly to encourage projects essential to war production. After the war control was eased progressively and over the past two years almost every application, with the exception of those from hire-purchase concerns, has been approved.

The members of the Capital Issues Committee will be Mr. P. L. Porter, retired General Manager of the Bank of New Zealand; Mr. K. E. Luke, City Engineer, Wellington; Mr. E. L. Greensmith, Assistant Secretary to the Treasury; Mr. A. Ross, Deputy Governor of the Reserve Bank of New Zealand; and Mr. F. R. Macken, Deputy Registrar of Companies.

The following tables, which have been compiled from figures supplied by the Stamp Duties Office, analyse approvals granted in the past three years. The figures include bonus issues and cases of capital reorganisation which involved no new finance. Premiums on new issues are also included. As far as possible duplications have been avoided, e.g., where a company received approval to increase nominal

capital but applied to issue this increase in a later quarter, the increase is recorded in the quarter of issue only. Finally, it should be remembered that the figures apply only to those cases where a company is seeking more than £10,000 in a year.

In view of these limitations, the figures should not be regarded as complete; but they do give an indica-

tion of the extent to which businesses have been seeking money outside their own resources and the trading banks in the past three years.

Total approvals are analysed by type of business in Table 2. It is emphasised that this split up is approximate only.

## CAPITAL ISSUES CONTROL

## 1. Total Approvals 1949-51

Source: Stamp Duties Office

Period	Registrations		Increases and Allotments		Mortgages and Debentures		Total	
	No.	£000	No.	£000	No.	£000	No.	£000
<b>1949</b>								
1st Quarter	9	199	22	1,020	4	137	35	1,357
2nd "	16	383	30	2,116	15	1,176	61	3,675
3rd "	15	865	24	1,506	25	1,045	64	3,416
4th "	11	319	26	1,173	13	538	50	1,850
<b>Year</b>	<b>51</b>	<b>1,766</b>	<b>102</b>	<b>5,815</b>	<b>57</b>	<b>2,716</b>	<b>210</b>	<b>10,298</b>
<b>1950</b>								
1st Quarter	7	296	14	246	6	308	27	851
2nd "	20	949	29	1,748	12	169	61	2,867
3rd "	13	1,406	36	2,536	20	490	69	4,433
4th "	19	853	22	2,549	26	508	67	3,910
<b>Year</b>	<b>59</b>	<b>3,505</b>	<b>101</b>	<b>7,080</b>	<b>64</b>	<b>1,476</b>	<b>224</b>	<b>12,061</b>
<b>1951</b>								
1st Quarter	37	1,187	40	1,520	37	3,512	114	6,219
2nd "	46	2,395	41	1,696	41	1,384	128	5,475
3rd "	27	1,394	50	4,585	49	2,649	126	8,628
4th "	38	2,461	53	2,908	46	2,435	137	7,803
<b>Year</b>	<b>148</b>	<b>7,437</b>	<b>184</b>	<b>10,709</b>	<b>173</b>	<b>9,980</b>	<b>505</b>	<b>28,126</b>
<b>1952</b>								
1st Quarter	22	946	53	2,556	44	2,646	119	6,148

(£000)

## 2. Total Approvals

Source: Stamp Duties Office.

Classification Groups	1950					1951					1st Quarter, 1952				
	Registra- tions	Increase and Allotments	Mortgages and Debentures	Total		Registra- tions	Increase and Allotments	Mortgages and Debentures	Total		Registra- tions	Increase and Allotments	Mortgages and Debentures	Total	
Farmers	180	—	33	213		527	—	112	630		166	—	55	221	
Stock and Station Agents, Farmers' Organisations, Freezing Works, etc.	—	315	—	315		500	968	682	2,150		7	326	750	1,083	
Timber (including joinery, etc.)	57	178	46	281		745	495	885	2,125		450	31	930	1,411	
Other Primary (mining, fishing, orchard, etc.)	35	785	12	832		168	88	40	296		—	50	—	50	
Breweries, Cordial makers, etc.	—	15	62	77		215	110	2,435	2,760		—	200	—	200	
Manufacturers:															
Textiles, Clothing	360	736	—	1,096		340	460	539	1,339		—	150	20	170	
Other	977	1,339	428	2,744		2,358	2,521	1,160	6,039		12	553	259	804	
Building, Construction,	12	69	—	101		225	853	541	1,619		225	23	10	258	
Transport	15	293	67	375		175	181	278	634		17	20	14	51	
Hotels	143	92	101	336		762	15	792	1,569		25	—	33	58	
Investment, Finance	70	—	24	94		138	37	64	239		—	144	10	154	
Merchants:															
Mainly Importers	1,271	1,075	13	2,359		80	1,546	179	1,805		—	476	75	551	
Other	11	38	111	160		455	365	309	1,129		—	145	60	205	
Retailers	74	1,660	97	1,831		219	1,140	1,011	2,370		15	311	210	536	
Property Cos. n.e.i.	180	25	229	434		254	302	415	971		—	11	36	47	
Other	119	441	255	815		276	1,627	535	2,438		30	116	206	352	

## Interest Rates

ON 3RD APRIL, the Associate Minister of Finance made the following statement setting out Government policy in respect of interest rates:—

"On present indications it is anticipated that the Government will not seek to raise a public loan this year. The national finances are in a healthy state, and sufficient funds are available from departmental sources to enable the Government to carry its works programme without public borrowing. The fact that the Government is staying off the market, together with the new control over capital issues should relieve the upward pressure on interest rates, increase confidence in the market, and enable worthwhile enterprises to raise needed capital more easily. It is therefore not proposed to increase the maximum rates which will be approved for issues of debentures or mortgages, or the maximum dividends on preference shares. Nor is it intended at the present time to raise the maximum rate of interest at which Local Authorities are authorised to

borrow for capital purposes. In general, it is the Government's present policy to keep interest rates as low as possible."

**Note:** At the beginning of April long-term Government stocks were showing redemption yields ranging from  $3\frac{1}{2}$  to  $3\frac{3}{4}$  per cent, the market having firmed at this level during March after a steady rise in yields from around 3 per cent in September, 1951. Local body loans sold in March at prices yielding about  $4\frac{1}{2}$  per cent. Following the Government's announcement, buyers of stocks raised their quotes and when the Stock Exchange closed for Easter the average yield on Government long-term 3 per cent stock was £3. 11. 6. The local body market was little affected.

Interest rates charged on private mortgages and industrial mortgages of less than £10,000, which have hardened in line with the general trend, are not subject to control and the Government's announcement may halt this hardening tendency by affecting the availability of funds for lending.

## Central Banking in New Zealand

### I—GENERAL FUNCTIONS OF A CENTRAL BANK

THE MAIN DUTIES OF A CENTRAL BANK are the control of the quantity of credit and the maintenance of adequate international reserves. In many countries legislation sets out the objectives which the bank is required to pursue in carrying out these functions. Legislation of this nature has been enacted in New Zealand; it requires the Reserve Bank to take into consideration, when framing its policy, the following objectives—

- (a) the economic and social welfare of New Zealand;
- (b) the promotion and safeguarding of a stable internal price level;
- (c) the highest degree of production, trade, and employment that can be achieved by monetary action.

Similarly, the legislation in Australia directs the Commonwealth Bank of Australia to exercise its powers so as to contribute to the stability of the domestic currency; the maintenance of full employment; and the economic prosperity and welfare of the people of Australia.

#### Development

The development of central banking is closely associated with the history of the Bank of England. Indeed, many of the existing methods of credit control are based on the Bank's experience. The Bank of England was founded in 1694 by an Act of Parliament when the originators of the proposal advanced the initial capital to William III in return for a Bank Charter. During the next 150 years the Bank expanded its activities and, although it did not at that time begin to operate as a central bank in the modern sense, it held a strategic financial position.

Methods for controlling credit expansion were gradually adopted, especially between 1844 and 1914, the principal ones being the purchase or sale of gov-

ernment securities ("open market operations") which influenced the quantity of cash available to the banks as a basis for their lending operations, and changes in the interest rate at which the Bank would buy (i.e., "discount") commercial or Treasury Bills—the Bank or Discount Rate—which caused other interest rates to change and thus made credit more or less expensive. These techniques came relatively late in the history of the Bank of England. This has been true also of some similar institutions in other countries. (For example, although the Commonwealth Bank of Australia was founded in 1911, it was not until World War II that it gained full control of the banking system.)

Central banking became more widely established after World War I. Before that time *laissez-faire* was the predominant political and economic philosophy—a belief that state intervention in the free working of the economic system should be at a minimum. This belief extended to the banking system. Such central banks as existed were concerned mainly with the operation of the gold standard, credit being expanded or contracted according to the movement of gold into or out of the central bank's reserves. Now that the more extreme *laissez-faire* ideas have been generally abandoned, it is political and economic orthodoxy to accept the need for a well-planned monetary policy designed to promote economic progress and price stability. In such a policy the central bank can play a leading part. This view-point has been strengthened by the financial disturbances of the inter-war period and especially by the great depression of the 1930's. In the post-war period too, with the partial relaxation of the emergency controls adopted in wartime, the part that can be played by appropriate monetary policies is being given greater attention. It is not surprising, then, that there have been distinct



periods in which new central banks have been set up—in the early 1920's following the financial upsets resulting from World War I (e.g., Germany, South Africa); in the middle 1930's following the depression (e.g., Canada, India); and again in the late 1940's (e.g., Philippines, Ceylon). As new countries rise to nationhood they usually regard a central bank as one of the essential instruments of a sound policy.

#### Methods of Credit Regulation

Traditionally the main methods of monetary management have been the restraint or the stimulation by the central bank of the capacity of trading banks to lend money. Mention has been made of some methods—open market operations and changes in the Bank Rate. A newer technique for quantitative credit control was introduced in 1935 when the United States Federal Reserve Board was authorised to vary the minimum ratio of trading banks' reserves to their deposit liabilities.

Other schemes for controlling credit expansion have come into use within the past twenty years. These controls are more direct in their application and consist mainly of the supervision of the purposes for which credit is to be extended. These qualitative credit controls are generally associated with a "cheap" money policy and have come into prominence during and after World War II. Applied in conjunction with other forms of control, such as the allocation of materials and restrictions on investment, they can help to achieve a system of priorities in the use of resources.

Inasmuch as monetary factors contribute to inflation, an overall rise in interest rates, or a reduction in the trading banks' capacity to extend credit, or the imposition of selective credit controls, or a combination of these could be used as correctives. The choice between these various methods of credit control depends on opinions and circumstances. Recently there has been a shift in emphasis, in some countries, towards the older controls—quantitative credit controls and higher interest rates.

Although the ways in which these controls operate vary between countries according to the structure of their banking system, nevertheless it is possible to make certain generalisations.

#### (a) Quantitative Controls

Trading banks always keep a certain amount of cash on hand to meet the needs of their customers. This cash is held partly as till money and partly as deposits with the central bank, and its amount will be determined either by the bank itself or by banking law. It is common nowadays for legislation to direct trading banks to keep liquid assets amounting to not less than a specified proportion of their liabilities; but if there is no such legislation the banks will, on the basis of their own experience, decide on a proportion for themselves. If bank lending increases there is normally a rise in bank customers' deposits (not necessarily by the same amount) and also in the need for cash. Therefore, if a central bank can influence the amount of cash which banks have at their disposal it can control bank lending. One method of doing this is by the central bank buying or selling securities on the Stock Exchange—open market operations. When a central bank buys securities, other things being equal, the trading banks' deposit liabilities and their cash holdings rise: con-

versely, when a central bank sells securities the trading banks' deposit liabilities and their cash holdings fall. Secondly, the central bank usually has the power (with or without Government approval) to alter the minimum cash requirements of the trading banks. In this way it can directly control the amount of excess cash the trading banks hold as a basis for more lending. The central bank may use both these controls together, i.e., it may operate on the market and also alter the cash requirements. In addition to these measures the bank rate can be altered, which makes it cheaper or more expensive for the banks to supplement their own reserves by borrowing from the central bank. This, in turn, will affect their willingness to lend and the terms on which they lend. More recently the central banks in some countries have been given the power to regulate the amount of assets other than cash which the trading banks must hold. For example, the banks may be directed to hold a certain amount of cash and a certain amount of other liquid assets, such as Treasury Bills. Another type of quantitative control which may be used (e.g., in Ceylon) is the regulation of the proportion which certain types of bank assets must bear to capital and reserve funds. These are new central banking techniques not yet fully tested by experience.

#### (b) Interest Rates

Where developed capital and money markets exist central banks can exercise considerable influence over all interest rates. Short-term market rates are usually related to the bank rate, while long-term rates can be influenced through operations on the open market. Central bank action, particularly if reinforced by Treasury operations, can thus affect the interest rates for all kinds of lending. However, the money and capital markets in many countries are not sufficiently developed to permit the central bank to take effective action. In such countries, in addition to its own bank rate and whatever influence it can exert on market rates, the central bank may control the rates at which trading banks and saving banks borrow and lend.

Control of interest rates is one of the oldest methods of monetary management. Higher rates tend to check borrowing and increase saving, thus damping down business activity, while lower rates may stimulate borrowing and business enterprise.

#### (c) Qualitative Controls

The best known of these is the advance control policy. The steps taken in the various countries which have adopted this policy differ widely because in some the control rests on informal agreement while in others it has a statutory basis. Nevertheless the broad outlines of these policies have much in common. Preference is given to essential production, while bank credit for capital expenditure, speculative and non-productive purposes is discouraged or even prohibited.

In many countries suffering from inflation qualitative credit restrictions have been associated with the control of the capital market. This is not surprising because if companies cannot obtain finance for capital investment from the banking system then they must endeavour to obtain the necessary funds from the market. If the authorities allocate resources in priority by the imposition of selective controls over

bank credit, a similar control on the capital market is necessary if a priority system is to be effective.

Other selective credit controls are the regulation of consumer credit and credit for stock exchange transactions. Consumer credit regulations lay down the terms upon which instalment sales can be made, such as the amount of the initial down-payment and the maximum period of repayment. Stock exchange credit has been controlled in the United States by the Federal Reserve Board since 1934 in order to control speculation. That part of the price of a security a purchaser is required to provide in cash is fixed so that the amount which he may borrow is limited.

#### Administrative Functions

Although one of a central bank's main functions is the control of credit, in most countries it undertakes various administrative duties on behalf of the Government, such as the management of the public debt.

Central banks are normally entrusted with the administration of overseas exchange reserves, and exchange controls if any. In certain countries this function may not be important but in countries, such as New Zealand, relying upon overseas receipts to maintain prosperity, the maintenance of adequate reserves is vital.

Other functions usually performed by central banks include being banker to the Government, manager of the note issue, and the organiser of a cheque clearance system.

#### Lending Powers

Central banks can lend just as other banks do.

Many of the older central banks do not deal directly with the public except perhaps to discount bills of exchange, although it is common to find that the newer ones (e.g., Korea) have powers to lend to business enterprises in exceptional deflationary periods. In some countries, notably Australia, the central bank has a general banking division which operates as a trading bank. Nevertheless, the principal customers of a central bank are still the Government and the commercial banks. Loans to the Government and its agencies may be secured by Government stock or the bank may also discount Treasury Bills. For the trading banks it will discount bills or lend against security, usually Government stock. The rates of interest and terms on its loans will be fixed by the bank at its own discretion. Frequently statutory limitations are placed on the conditions on which central banks may lend, e.g., they are seldom permitted to make unsecured advances or advances against real property.

The above discussion has related mainly to the use of monetary measures against inflation. It is one of the advantages of monetary measures that they can be quickly adapted to changing circumstances and can be put into reverse if necessary to counter a tendency to deflation and under-employment. They also require little administrative machinery compared with more direct economic controls.

(Note: This article is in general terms only. In each country different methods will be used. The following articles in this series will discuss the history and functions of the Reserve Bank of New Zealand.)

## Economic Conditions in the United Kingdom

### Rearmament

THE ESTIMATE OF DEFENCE EXPENDITURE for 1952-53 is £1,377 million after the deduction of £85 million of United States aid. This compares with a planned expenditure of £1,500 million at 1950 prices when the rearmament programme was first announced. Reasons for the slowdown are "the difficulty of meeting as they arise the demands of the production programme for labour, raw materials, machine tools, and other manufacturing capacity; the inevitable delays in matters of design and production in all large arms programmes; and the deterioration in the economic position which has necessitated adjustments in the defence programme to reduce its immediate burden on metal-using industries upon which two-fifths of exports depend".

### Production, Prices and Wages

Industrial output increased annually by 8 per cent in the period from 1948-1950, but the increase in 1951 was only 3 per cent and this mainly occurred in the first half of the year. Shortages of materials particularly steel were the cause of this slowdown in the rate of increase of production. The position will still be difficult in 1952, but in the second half of the year with the easing of raw material supplies and the importation of American steel, production should resume its upward trend, apart from some decline in consumer goods industries brought about by a reduction in demand both at home and abroad.

Retail prices rose 12 per cent in 1951 compared with 16 per cent in the 3½ years June, 1947-December, 1950. In 1951 wage rates rose 10.5 per cent compared with 14 per cent in the 3½ years ending December, 1950. The figures for actual earnings are probably slightly greater than for wage rates. Wage inflation is likely to be one of the greatest dangers to stability in 1952.

Wholesale prices after rising steadily throughout the year have dropped slightly since October. The main fluctuation has been in basic materials used in manufacturing industry, which after reaching record levels in March have dropped by more than 20 per cent up to the end of February, 1952. Other wholesale prices have however risen over the year and have been able to cancel out the effect of price falls in basic materials.

Some increase in unemployment has resulted from the recession in the textiles goods industries. This is likely to spread both in textiles and in other consumer goods industries, but there is no indication that this increase in unemployment should become serious.

### Balance of Payments

In 1951 the United Kingdom terms of trade sharply deteriorated, imports increasing in value by 50 per cent and in volume by 16 per cent, whereas exports increased in value by only 20 per cent and in volume by 3 per cent. This deterioration is estimated to have cost the United Kingdom about half of her £521 million deficit. A further important cause of the deficit was the loss of Persian oil, which greatly reduced



the favourable "invisible" balance in the second half of the year.

Just as important in the present crisis is the direction of United Kingdom exports and imports. The deficit with the non-sterling area rose from an annual rate of £325 million in the first half of the year to nearly £1,200 million in the second half, whilst the surplus with the sterling area rose from an annual rate of under £140 million in the first half of the year to one of nearly £340 million. In the latter case, where sterling balances were being run down, the United Kingdom was providing "unrequited exports".

In November, 1951, January and March, 1952, import reductions amounting to £600 million were announced. In 1952-53 it is hoped to achieve a balance through a gain of £200-£250 million from improving terms of trade and an increase in invisible earnings, an increase in exports of £50 million and a cut of £300 million in imports (at 1951-52 prices).

To increase exports by £50 million a year in the face of heavy import restrictions in other countries, particularly in respect of consumer goods, will be a very difficult task. If the United Kingdom's position is to be soundly based the volume of exports must be maintained and also directed more towards non-sterling markets. To help achieve this, cuts are being made in home consumption and investment so that engineering and capital goods exports can be increased.

The latest figures show that the United Kingdom's adverse trade balance in March, 1952 was £67.6 million compared with £53 million in February, £93 million in January, and a monthly average of £109 million in the second half of 1951.

(£Stg.000)

#### BALANCE OF PAYMENTS

	1948	1949	1950	1951		
				Jan.- June	July- Dec.	Year
Exports	1,588	1,820	2,225	1,310	1,398	2,708
Imports	1,791	1,974	2,372	1,646	1,851	3,497
Trade Balance	-203	-154	-147	-336	-453	-789
"Invisible" Balance	+177	+159	+391	+243	+25	+268
Total Balance	-26	+5	+244	-93	-428	-521

#### E.P.U.

During the first ten months of operation of the European Payments Union, the United Kingdom and the rest of the sterling area had a cumulative surplus with E.P.U. countries of £214 million, of which £43 million was received in gold. The next ten months, that is, up to the end of February, 1952, the cumulative deficit has been £491 million of which £114 million has been paid in gold. In October, 1950 the record monthly surplus of £80 million was earned, while in October, 1951 the record deficit of £89 million was recorded. Gold payments to the Union started in October, 1951, when 20 per cent of the month's deficit was paid in gold. The proportion had risen to 80 per cent in February, 1952. Under an agreement covering reimbursement of gold losses resulting from the use of existing sterling balances by other E.P.U. members, the United States has paid the United Kingdom \$49.9 million.

The gold and dollar reserves at the end of March, 1952 stood at \$1,700 million. In the third quarter of

1951 losses were \$598 million, in the fourth quarter \$936 million, while in the first quarter of 1952 losses were \$635 million. Losses in March, 1952 were only \$71 million and at the end of the month reserves were increasing. The main factors in this sudden reversal were, besides additions to the reserves through an extra purchase of South African gold and commodity deals with the United States, the return of confidence in sterling and the end of a great deal of speculation.

The main causes of the gold losses were speculative dealings in cheap sterling which, it is estimated, caused between one-third and one-half of the gold and dollar losses in the third quarter of 1951; gold payments to the European Payments Union, which amounted to £131 million by the end of March, 1952; the loss of Persian oil which has meant that oil has had to be bought from dollar sources; falls in both the price and volume of the main sterling area dollar exports such as rubber, wool and tin; and finally a considerable increase in the volume of dollar imports into the sterling area. Imports from the United States and Canada into the United Kingdom rose steadily throughout the year and showed a substantial increase over 1950, while exports rose also but not to the same degree.

#### The Budget

The 1952-53 Budget has laid more stress on incentives to increase production than on disinflation. Food subsidies are to be reduced by £160 million to £250 million, duties on petrol and oil are increased, entertainments tax is increased, and a new excess profits levy to operate from January, 1952 has been introduced. To offset these changes, taxation concessions to the amount of £180 million are to be made, besides increases in old age pensions, family allowances and war pensions. The surplus for 1951-52 was £379 million while the estimated surplus for 1952-53 is £510 million.

Instead of cutting consumption by increasing the surplus, as had been predicted, the Budget aimed to achieve a balance in terms of real resources by substantially reducing home investment, by cutting stocks and by slowing down the build-up of the defence forces.

The Budget estimates have been made on several assumptions—that the terms of trade do not move against Britain, that no large wage increases take place, that the Budget will act as an incentive to harder work and above all that the much stricter monetary policy being put into operation will not only increase overseas confidence in sterling, but will also restrain home investment and increase savings to a marked degree.

#### New Monetary Policy

The most significant economic change in the United Kingdom in the last year has been the advent of a new monetary policy. To it has shifted the main emphasis in the fight against inflation. For several years up to November, 1951 the Bank of England did not actively control the volume of credit either by controlling the volume of bankers' cash or by interest rate changes. The volume of bank credit has instead been determined by—

1. Advance control policy.
2. Control of capital issues through the Capital Issues Committee (C.I.C.).
3. Budgetary manipulation of the flow of money

between the private and official sectors of the economy.

The trading banks had all the liquid funds they needed to sustain the volume of credit determined in accordance with these policies.

In November, 1951, the Bank Rate was raised to 2½ per cent. Besides having the effect of raising by a small amount nearly all other interest rates, this plainly showed that a more positive monetary policy would be enforced. More important still, £1,000 million of funding stock at 1½ per cent was issued to convert liquid money market assets (Treasury Bills) into longer-term investments. This reduced the liquid funds of the banks, placing them in the position of having to be prepared either to restrict their lending or to sell investments to maintain a satisfactory liquid position.

## Current Notes

### Non-sterling Transactions

In response to an enquiry, the Reserve Bank on 17th March issued the following information concerning New Zealand's balance of payments with non-sterling countries.

The sterling area consists of all British Commonwealth countries (with the exception of Canada), and Burma, Iceland, Iraq, Eire, Hashemite Kingdom of the Jordan and Libya.

Non-sterling countries comprise the dollar area (U.S.A. and other American Account countries, and Canada), European Payments Union countries other than the United Kingdom (this includes most European countries), and all other countries. In the past, the term "hard" currencies has applied mainly to those of the dollar area, but now, since the sterling area as a whole is in deficit with the rest of the world, all non-sterling currencies may be considered "hard".

In 1951 New Zealand had a favourable balance of £50.8 million with all non-sterling countries. This was made up of surpluses of £8.1 million with the dollar area, £32.1 million with European Payments Union countries, and £10.6 million with other non-sterling countries. Total receipts and payments with these countries were as follows:—

(£ N.Z. millions)

	Receipts	Payments	Surplus
Dollar Area	41.0	32.9	8.1
E.P.U. Area	40.5	8.4	32.1
Other non-sterling	14.0	3.4	10.6
<b>Total non-sterling</b>	<b>95.5</b>	<b>44.7</b>	<b>50.8</b>

The total surplus of £50.8 million with all non-sterling countries was, however, offset by a deficit of £34.8 million in New Zealand's overseas exchange transactions with the sterling area, leaving an overall favourable balance for the year of approximately £16 million.

The large surplus achieved in 1951 with non-sterling countries was principally due to the high level of receipts from wool exports, particularly as a result of prices ruling in the earlier part of the year. With the fall in wool prices, New Zealand's prospective surplus for 1952 with these countries was sharply reduced, the original estimate for this year providing for a favourable balance of only £5 million. At the Lon-

The money market soon adjusted itself to the new conditions. Recently published figures of trading banks' advances and deposits show that the new policy has proved effective, as the Bank of England has regained control over the credit base and hence over the volume of credit.

On 11th March, this policy was reinforced by raising the Bank Rate to 4 per cent. The Government's intention is that the main disinflationary forces should act through monetary controls as opposed to direct or fiscal controls, although the latter would still need to be extensively used. It is evidently held that higher interest rates and a strict control over the volume of credit will not only increase savings and help to effect substantial cuts in investment but will also play a great part in restoring overseas confidence in sterling and so reduce losses from speculation.

don conference New Zealand was asked to increase this surplus to £12 million and subsequently at the request of the United Kingdom Government, Cabinet agreed to a new target of £25 million for the 12 months ending June, 1953.

### Retail Trade (Wellington Area)

If allowance is made for seasonal conditions, retail sales in January, especially of clothing, were better than they had been for several months previously. The increases were not maintained in February, however, and provisional figures indicate that "All Groups" sales were 6 per cent lower than in February, 1951. Household drapery sales were 25 per cent down in February, but this is partly because last year's figures were unusually high.

The index of stocks has been declining steadily since November. Stocks of furniture and furnishings, though they fell in February, are still at very high levels.

### Consumers' Price Index

In the first quarter 1952 there was a rise of 16 points (1.3 per cent) to 1253 in the all-groups consumers' price index (base:—first quarter, 1949 = 1000).

There was a decrease in the all-food group, which at 1373 was 9 points or 0.7 per cent below the previous quarter, but in the other groups increases were recorded, the largest being in the all-housing group, which rose by 69 points to 1138 or 6.5 per cent. It must be noted, however, that as figures for rents are collected only twice a year, and "other housing" costs only annually, all the changes shown in the housing index did not necessarily take place between the December and March quarters.

In the monthly all-food index for March a decrease was recorded, the index falling from 1371 in February to 1356. This was accounted for by the decline in the fruit, vegetables and eggs sub-group, which fell to 1320 from 1401 in February and 1645 in December.

### Erratum

In the February issue of the "Bulletin", page 21, the percentage change in household appliance sales in May, 1951, compared with May, 1950, should read "+ 29" and not "- 29".

## I—RESERVE BANK OF NEW ZEALAND

(£N Z. thousands)

## Liabilities and Assets

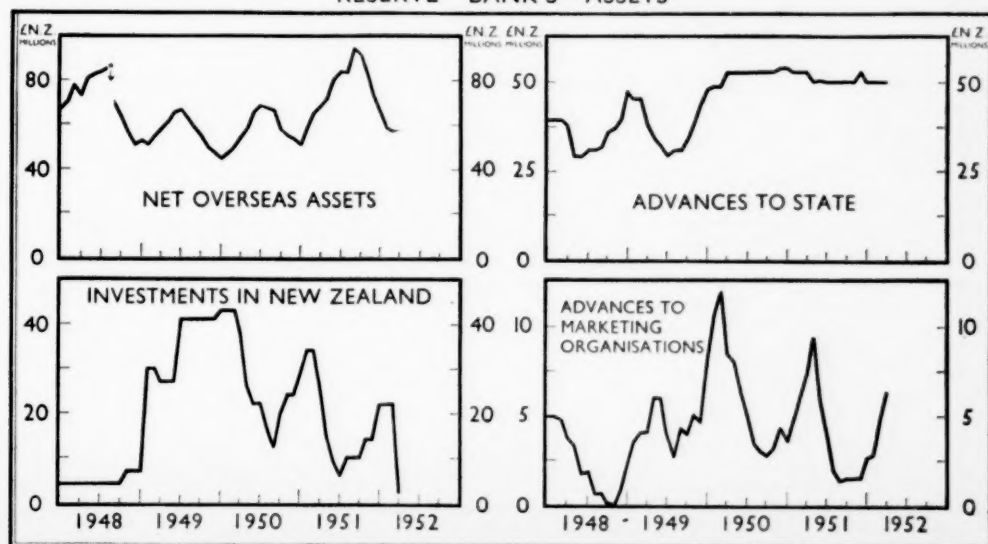
Average of Weekly Figures:	LIABILITIES						ASSETS						
	Bank Notes	Demand Liabilities				Other	Reserve			Advances to State		Other Advances and Discounts	Other Assets*
		State	Banks	Wool Retention Account†			Gold	Sterling Exchange	Other* Exchange	Investments	Market's Orgns.	Other	
1945	41,123	12,228	43,972	—	1,012		2,802	60,064	—	11,797	2,085	24,163	1,455
1946	45,169	17,302	59,731	—	524		2,802	81,332	—	5,991	961	35,127	1,396
1947	47,682	13,265	57,102	—	483		2,802	85,300	—	4,576	1,157	28,510	1,046
1948*	48,930	13,228	57,706	—	380		2,802	65,090	—	10,496	1,698	35,182	2,437
1949	51,312	11,384	73,837	—	355		3,223	48,995	—	41,855	3,482	37,628	4,907
1950	55,126	15,446	74,239	117	1,115		4,269	51,319	256	31,313	5,096	52,245	5,378
1951	60,361	18,844	69,326	4,204	725		5,139	62,557	383	27,107	3,379	51,134	6,829
Last Wednesday in Month:													
1951—Mar.	58,418	44,884	49,060	6,741	756		4,932	60,970	349	27,974	7,372	53,000	7,217
Apr.	58,675	21,673	65,834	3,849	657		4,959	64,916	544	15,974	9,607	50,000	7,270
May	58,413	10,544	75,902	1,238	4,718		5,071	73,802	170	10,974	5,842	50,694	6,832
June	59,804	11,589	73,694	2,879	1,913		5,157	78,120	419	7,974	4,033	50,000	6,495
July	60,624	9,874	75,294	4,882	719		5,203	78,483	460	11,974	1,929	50,000	6,235
Aug.	60,374	14,183	81,660	5,024	444		5,306	79,164	524	22,675	1,300	50,146	6,019
Sept.	60,566	12,173	84,617	1,494	604		5,365	68,213	457	31,440	1,419	50,040	6,019
Oct.	61,298	13,744	79,248	882	292		5,418	59,003	358	36,132	1,373	50,000	6,019
Nov.	64,576	12,268	69,737	361	470		5,451	38,602	437	46,182	1,541	52,986	6,019
Dec.	69,366	9,975	65,896	34	191		5,506	29,131	400	54,182	2,586	50,000	6,019
1952—Jan.	63,837	12,256	62,841	61	299		5,578	22,620	1,467	54,182	2,774	50,000	6,019
Feb.	62,217	22,149	54,396	—	687		5,638	19,786	1,566	54,182	4,805	50,012	6,019
Mar.	62,205	33,605	24,643	—	604		5,714	21,756	510	34,182	6,321	50,000	6,019
Apr. 2	61,911	26,355	26,083	—	911		5,730	21,972	451	32,182	3,184	50,002	6,019
9	62,570	22,779	28,250	—	623		5,741	22,542	546	32,182	1,758	50,000	6,019
16	62,850	19,611	29,018	—	977		5,746	20,957	488	32,182	1,758	50,000	6,019
23	62,567	20,171	35,371	—	705		5,748	22,401	584	32,182	7,152	50,000	6,019
30	62,600	22,235	33,210	—	529		5,749	23,019	406	32,182	5,985	50,000	6,019

\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

† Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".

† Held temporarily pending transfer to Wool Retention Accounts at trading banks. See text page 19 of February, 1951, issue.

## RESERVE BANK'S ASSETS



\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

## II—TRADING BANKS

## Liabilities and Assets

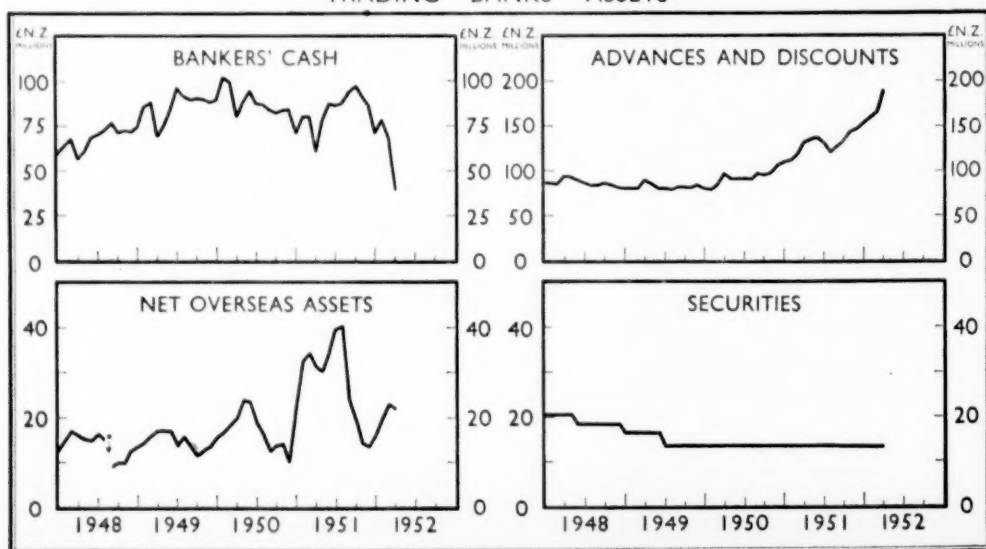
[N.Z. thousands]

Average of Monthly Figures:	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time		Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities		Advances and Discounts	
		Wool Retention Accounts†	Other				Govt.	Other		
1945	99,836	—	31,634	131,470	52,402	13,647	29,335	2,473	51,618	40,274
1946	117,071	—	34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115	—	37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948*	138,211	—	40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699	—	39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526	—	39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
1951	196,663	19,589	39,815	256,068	83,278	27,276	11,716	1,527	133,079	72,230
Last Wednesday in Month:										
1951—Mar.	193,709	9,644	39,770	243,124	60,784	31,504	11,715	1,574	133,271	70,364
Apr.	202,906	13,485	40,074	256,466	77,953	30,000	11,715	1,545	135,921	73,703
May	210,769	16,441	40,302	267,512	87,423	34,018	11,715	1,531	137,636	75,732
June	211,864	18,039	39,449	269,353	86,492	39,492	11,715	1,529	132,743	76,425
July	205,822	21,356	38,659	265,837	87,506	40,059	11,715	1,517	121,428	78,433
Aug.	187,780	25,934	39,199	252,913	93,920	23,712	11,715	1,502	127,001	73,216
Sept.	194,575	29,962	39,781	264,317	97,276	18,802	11,715	1,499	133,030	70,061
Oct.	188,055	30,736	41,093	259,884	91,572	14,108	11,715	1,495	143,227	67,347
Nov.	186,477	31,726	40,364	258,567	85,554	13,401	11,715	1,485	147,336	68,482
Dec.	190,265	32,088	40,125	262,478	70,941	15,680	11,715	1,483	154,456	65,282
1952—Jan.	195,143	31,752	39,398	266,294	77,901	19,868	11,714	1,446	159,266	67,294
Feb.	197,216	30,756	39,382	267,354	68,360	22,694	11,714	1,432	166,164	66,883
Mar.	189,901	30,207	47,730	267,838	38,465	22,101	11,714	1,405	187,259	64,192

\* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. † See text page 19 of February, 1951, issue.

\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

## TRADING BANKS' ASSETS



\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

### III-FOREIGN EXCHANGE

#### 1. Net Overseas Assets (Revised Series)\*

(£N.Z. thousands)

Last Wednesday in Month:	1949	1950			1951			1952		
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total
Jan.	64,809	46,862	16,498	63,360	58,413	32,482	90,895	58,490	19,868	78,359
Feb.	69,865	49,179	18,125	67,304	65,198	34,053	99,251	56,670	22,694	79,364
Mar.	74,975	54,076	20,100	74,175	68,254	31,504	99,758	56,662	22,101	78,764
Apr.	77,728	58,362	23,924	82,285	72,410	30,000	102,410			
May	82,250	65,607	23,634	89,241	80,410	34,018	114,428			
June	79,987	68,411	18,605	87,016	83,824	39,492	123,316			
July	78,037	67,340	16,169	83,509	83,454	40,059	123,513			
Aug.	71,747	66,099	12,302	78,402	94,150	23,712	117,862			
Sept.	65,998	57,635	13,374	71,009	91,914	18,802	110,716			
Oct.	62,165	54,916	13,927	68,843	83,855	14,108	97,963			
Nov.	60,102	53,871	9,670	63,541	72,947	13,401	86,347			
Dec.	59,738†	50,971†	22,013†	72,984†	66,123†	15,680†	81,803†			

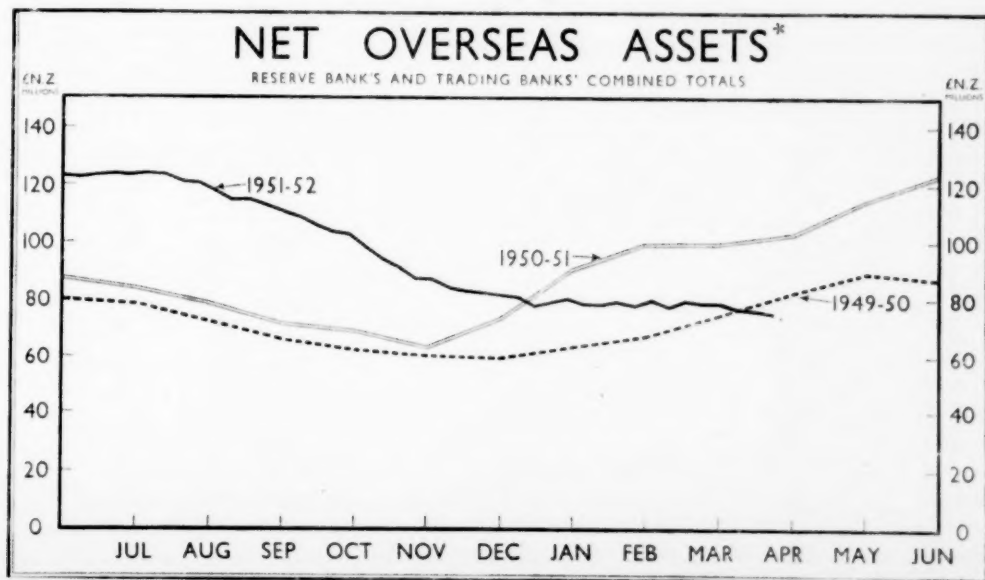
\* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments. † Last Wednesday before Christmas.

(£N.Z. thousands)

#### 2. Foreign Exchange Transactions of New Zealand Banking System

Calendar Month	1951					1952				
	RECEIPTS		PAYMENTS		Balance of Transactions	RECEIPTS		PAYMENTS		Balance of Transactions
	Exports	Other	Imports*	Other		Exports	Other	Imports*	Other	
Jan.	30,042	2,125	13,938	3,027	+15,202	20,368	2,272	27,296	2,072	- 6,728
Feb.	26,044	1,509	16,207	2,813	+ 8,532	24,674	4,589	25,276	2,949	+ 1,038
Mar.	15,546	2,188	14,773	2,485	+ 476	24,381	2,564	24,777	4,700	- 2,531
April	18,810	1,544	13,428	2,973	+ 3,953					
May	23,626	1,484	12,765	2,357	+ 9,988					
June	26,862	1,995	12,976	3,220	+12,660					
July	21,429	2,007	15,498	7,067	+ 871					
Aug.	17,083	2,135	21,287	3,425	- 5,494					
Sept.	15,322	1,771	21,842	2,524	- 7,273					
Oct.	19,707	2,025	26,959	3,479	- 8,706					
Nov.	18,189	995	26,853	2,898	-10,569					
Dec.	21,188	2,510	23,629	3,653	- 3,584					
Total	253,847	22,287	220,153	39,923	+16,057					

\* Includes estimated payments for Government imports.



\* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities.



(£N.Z. thousands)

# IV—SAVINGS BANKS; Deposits and Withdrawals

Source: Census and Statistics Department

Year ended 31st March	Post Office					Trustee				
	Deposits	Withdrawals	Excess of Deposits over Withdrawals	Interest Credited 31st March	Depositors' Credit Balances	Deposits	Withdrawals	Excess of Deposits over Withdrawals	Interest Credited 31st March	Depositors' Credit Balances
1947	72,381	62,747	9,633	3,094	141,242	17,306	14,698	2,608	678	30,540
1948	72,553	68,660	3,893	3,307	148,442	16,137	15,622	514	724	31,778
1949	70,691	67,723	2,968	3,439	154,849	15,994	15,748	246	747	32,771
1950	77,963	73,306	4,657	3,821	*170,982	17,616	16,234	1,381	791	34,943
1951	86,395	85,190	1,205	3,915	176,103	20,720	19,610	1,110	839	36,893
Monthly:										
1951—Mar.	7,537	7,148	389	3,915	176,103	1,875	1,690	184	839	36,893
Apr.	8,242	7,430	812		176,915*	2,108	1,861	247		37,140*
May	8,719	7,933	786		177,701*	2,085	1,859	226		37,366*
June	8,076	7,751	324		178,025*	2,015	1,766	249		37,615*
July	10,040	7,739	2,301		180,326*	2,204	1,801	403		38,018*
Aug.	8,821	7,463	1,357		181,684*	2,016	1,815	201		38,219*
Sept.	7,399	6,773	626		182,310*	1,724	1,615	109		38,328*
Oct.	8,442	7,669	773		183,083*	1,933	1,885	48		38,376*
Nov.	8,006	8,119	— 112†		182,971*	1,809	1,946	— 137†		38,239*
Dec.	8,211	8,087	124		183,095*	1,877	1,960	— 83†		38,156*
1952—Jan.	6,411	6,546	— 134†		182,960*	1,481	1,653	— 172†		37,984*
Feb.	7,602	9,620	— 2,018†		180,942*					
Mar.	8,235	8,618	— 383†		180,560*					

† Excluding National Savings throughout and War Gratuity Accounts up to and including March, 1949.

\* Excluding interest accrued but not credited.

† Excess of withdrawals over deposits.

\* Includes £7,655,000 representing £11,448,000 transferred on 1st April, 1949, from War Gratuity Accounts, less withdrawals during April and May, 1949, relating to these accounts, amounting to £3,793,000. These amounts are excluded from the deposits and withdrawals figures for the year ended 31st March, 1950.

## V—NATIONAL SAVINGS

(£N.Z. thousands)

Source: Census and Statistics Department

Year Ended 31st March	National Savings Accounts					National Savings Bonds§	
	Deposits	Withdrawals	Excess of Deposits over Withdrawals	Interest Credited †	Depositors' Credit Balances*	Total Bond Sales	Redemptions
1944	7,258	64	7,194	150	13,010	3,122	—
1945	7,267	178	7,089	358	20,457	2,609	—
1946	7,607	1,707	5,901	560	26,917	1,314	521
1947	6,175	2,306	3,869	773	31,560	457	2,089
1948	7,285	3,680	3,605	905	36,070	493	2,936
1949	7,032	3,943	3,089	1,038	40,197	435	3,170
1950	10,577	4,282	6,295	1,179	47,671	458	2,421
1951	9,469	5,311	4,157	1,386	53,214	499	1,644
1952	10,974	6,511	4,462	1,542	59,218	537	618
Monthly:							
1951—Mar.	680	374	306	1,386	53,214	61	73
Apr.	941	299	642		53,856	78	53
May	1,101	358	743		54,599	92	54
June	1,142	162	980		55,579	113	53
July	1,496	1,407	89		55,668	35	57
Aug.	1,070	731	340		56,008	29	59
Sept.	875	782	93		56,101	33	49
Oct.	946	527	419		56,519	45	48
Nov.	829	439	390		56,909	20	50
Dec.	746	387	359		57,268	41	61
1952—Jan.	564	350	213		57,481	20	43
Feb.	642	544	98		57,580	15	39
Mar.	623	526	97	1,542	59,218	17	54

§ Interest payable at maturity.

† On deposits held during year ended 30th June of previous calendar year.

\* Excluding interest accrued but not credited.



## 1. Production and Consumption of Electric Power—All Authorities

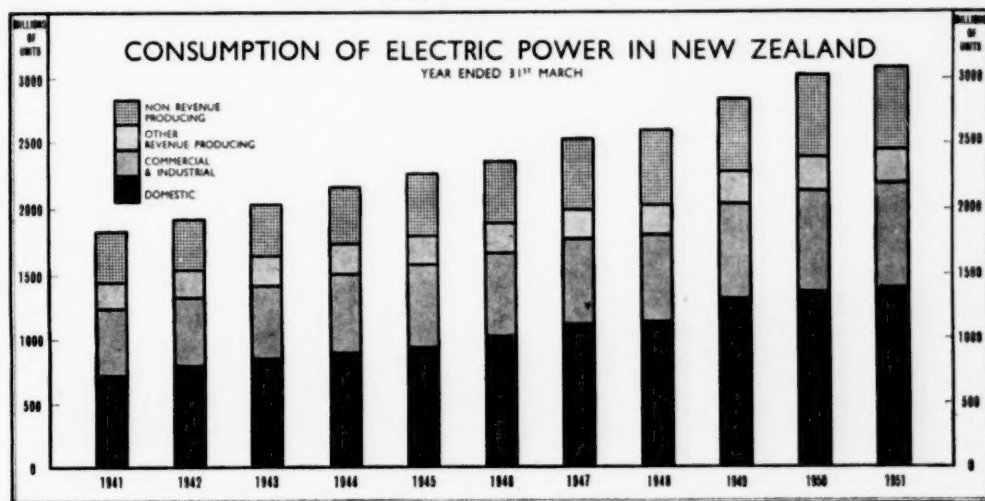
Including Power Generated by Authorities not Linked with the State Hydro-Electric Department

Millions of units (1 unit = 1 Kilowatt hour.)

Source: Census and Statistics Department

Year Ended 1st Mar.	Domestic		Commercial & Industrial			Other Revenue Producing						Non Revenue Producing		Total Power Generated
	Water Heating	Other Purposes	Industrial Electric Motors	Water Heating	Other Purposes	Rural Electric Motors	Dairy Water Heating	Street Lighting +	Elec. Tram- ways	Elec. Rail- ways	Other Pur- poses	Supplied Free of Charge	Losses on the Lines	
1943	437	415	378	14	176	30	110	11	53	15	7	15	377	2,038
1944	445	455	399	14	197	28	106	12	56	16	9	16	419	2,172
1945	433	508	417	15	206	28	105	12	56	14	8	18	453	2,275
1946	475	549	449	15	180	28	102	13	57	15	8	19	458	2,367
1947	549	574	438	19	201	34	95	12	52	16	8	21	509	2,528
1948	527	614	468	20	182	40	102	11	49	16	6	24	539	2,599
1949	617	689	501	20	208	44	112	13	49	16	7	25	541	2,844
1950	653	723	529	21	221	48	121	14	50	17	8	26	606	3,036
1951	659	739	553	21	218	51	119	14	48	17	8	27	623	3,085

\* Excludes Street Lighting supplied free of charge (e.g. 1951—1.8 m. units).



## 2. Daily Averages and Index Numbers of Electricity Taken or Generated for Distribution by Authorities Obtaining Supply from State Hydro-Electric Department

Index Numbers: Base 1938-39 = 100

Daily Averages: Thousand Kilowatt hours

Year Ended 31st March	NORTH ISLAND		SOUTH ISLAND		DOMINION	
	Daily Average	Index No.	Daily Average	Index No.	Daily Average	Index No.
1946	3,852	165	1,731	178	5,585	169
1947	4,001	172	1,918	198	5,919	179
1948	4,118	177	1,921	198	6,040	183
1949	4,554	195	2,144	221	6,698	203
1950	4,796	206	2,352	242	7,147	216
1951	4,835	207	2,434	251	7,270	220
Monthly						
1950—Dec.	4,627	198	2,233	230	6,860	208
1951—Jan.	4,497	193	2,201	227	6,697	203
Feb.	4,858	208	2,444	252	7,301	221
Mar.	4,883	209	2,445	252	7,328	222
Apr.	5,099	219	2,464	254	7,563	229
May	5,547	238	2,652	273	8,199	253
June	5,688	244	2,671	275	8,359	248
July	5,916	254	2,644	272	8,560	259
Aug.	6,041	259	2,792	287	8,832	267
Sept.	5,716	245	2,744	282	8,459	256
Oct.	5,563	239	2,634	271	8,197	248
Nov.	5,427	233	2,569	264	7,995	242
Dec.	5,228	242	2,450	252	7,677	232

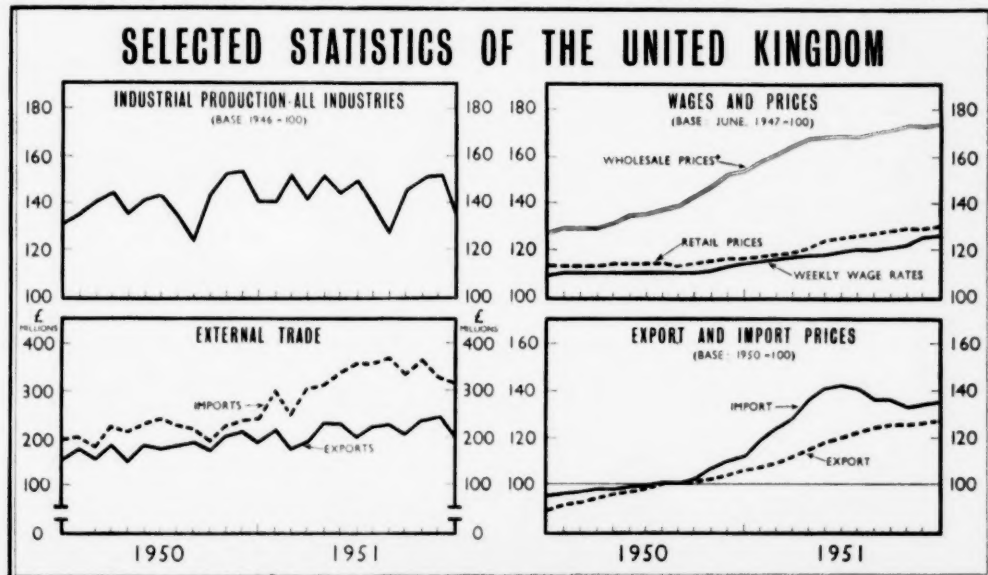
# VII—UNITED KINGDOM

## Selected Statistics

APRIL, 1952  
Source: United Kingdom Central Statistical Office

Year	INDUSTRIAL PRODUCTION			LABOUR		TRADE				WAGES AND PRICES		
	All Industries	Total Manufacturing	Mining and Quarrying	Civil Employment	Un-employed	Exports of U.K. Produce (f.o.b.)*	Imports (c.i.f.)	Export Prices Index	Import Prices Index	Index of Weekly Wage Rates (Base: 10th June, 1947 = 100)	Interim Index of Retail Prices (Base: 17th June, 1947 = 100)	Index of Wholesale Prices (Base: June, 1947 = 100)†
	(Interim Index—Base: Average volume 1946 = 100)			(thousands)		(£ millions)		(Base: 1950 = 100)				
	Average of Monthly Figures			June Figure		Average of Monthly Figures				End of December Figure	Mid-December Figure	Average of Monthly Figures
1947	108	109	102	..	..	94.9	149.5	..	..	103	104	101.0
1948	121	123	110	21,684	282	131.9	173.2	..	..	107	109	115.5
1949	129	132	113	21,846	250	148.9	189.6	94	85	109	113	121.2
1950	140	145	114	22,097	274	180.9	217.4	100	100	114	116	138.2
1951	144p	150p	118p	22,304	188	215.0	326.2	119	134	126	130	168.3
Monthly:	Monthly Figures											
1950—Apr.	135	139	110	22,310	322	149.9	212.8	98	96	110	114	131.5
May	141	147	119	22,331	290	182.6	229.6	99	97	110	114	134.5
June	143	150	112	22,097	274	175.8	239.8	99	98	110	114	135.3
July	134	139	106	22,359	278	182.3	225.1	100	100	110	114	137.1
Aug.	123	128	94	22,416	284	189.5	216.2	100	100	110	113	139.1
Sept.	143	149	116	22,448	292	171.4	194.0	101	102	110	114	143.4
Oct.	152	158	120	22,473	303	202.3	223.5	102	107	111	115	147.2
Nov.	153	159	121	22,197	302	212.0	235.4	104	110	113	116	152.2
Dec.	140	144	114	22,100	328	188.9	239.3	106	112	114	116	154.0
1951—Jan.	140	146	116	22,122	310	214.4	297.9	107	119	115	117	158.0
Feb.	151	157	124	22,137	288	175.4	247.8	109	124	116	118	161.0
Mar.	141	147	117	22,153	264	190.5	303.4	112	128	117	119	165.2
Apr.	151	158	127	22,211	231	230.2	311.5	115	136	118	121	167.9
May	144	151	116	22,258	203	229.8	338.0	118	141	118	124	168.4
June	149	157	117	22,304	188	200.0	357.5	120	142	119	125	169.0
July	139	145	109	22,332	195	222.2	358.5	122	141	120	126	168.5
Aug.	127	133	97	22,404	205	226.2	368.5	124	138	120	127	170.4
Sept.	145	151	123	22,399	235	208.2	337.3	125	138	121	128	171.3
Oct.	150	156	124	22,351	276	235.3	362.6	125	133	122	129	173.2
Nov.	152	157	127	22,324	297	243.9	328.8	126	134	125	129	173.1
Dec.	137p	139p	119p	22,221	350	204.7	314.1	127	135	126	130	173.9

p. Provisional. \* Including relief supplies to liberated countries. † End of month estimate. ‡ Recalculated from Board of Trade Index—Base: 1938 = 100.



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